

A little console-ation

Written by dreamkatcha. Any related videos, as always, can be found on my YouTube channel.

None of this would have been possible without the fantastic resources generously provided by immensely talented emulator authors, and communities such as Hall of Light, Lemon Amiga, Lemon 64, World of Spectrum, Moby Games, World of Longplays and Recorded Amiga Games. Thank you for your tireless dedication to preserving the history of gaming.

Commodore International transformed from a modestly buoyant million dollar company to liquidation in the space of two years. Whilst we witnessed an acute decline in solvency throughout 1992, it wasn't until 1993 when they *really* started haemorrhaging cash.

A healthy profit of \$57.4m in 1991 had slumped to one of \$27.6m by the following year, whereas CBM sustained a staggering *loss* of \$356.5m in 1993.

According to the executive profile of erstwhile president, Mehdi Ali, he "accomplished a major operational turnaround" during his time at Commodore. That's certainly one way to describe it!

\$65m of 1993's bottom line was accounted for by write-downs arising from a drastic reduction in the retail price of their remaining A600 inventory.

The wayward system no-one at all had been clamouring for was optimistically released onto the market in March 1992 with a hefty retail price tag of £399.99 for the base model. In August the following year, this was slashed to £199.99 to delineate a clear upgrade hierarchy between the Amiga range. That it was gravely overpriced to begin with also hadn't gone unnoticed by discerning consumers.

As Commodore flailed into receivership, in June 1994 the same last-ditch measures were taken in vain to stimulate sales of the CD32. Despite an initially encouraging opening volley, this was subjected to a £50 per unit reduction where it had originally been marketed at £299.99.



\$70m of 1993's losses were a direct consequence of a historically radical company restructure. One which led to the entire US sales force being made redundant, and the closure of subsidiary offices in Benelux, Norway, Sweden, Spain, and Portugal.

Shares hit an all-time low, chip manufacturers put Commodore on an emergency credit hold and they failed to

reimburse lenders to the tune of \$33m.

As Commodore looked certain to be swamped by a tidal wave of debt, everyone from Nintendo to Daffy Duck were rumoured to have made a takeover bid. There was even a 'movement' by Commodore's shareholders to buy out the majority stake in the company to counter what they deemed to be mismanagement from the upper echelons.

Before the situation reached fever pitch, one parting shot to boost revenue was to command royalty payments for every Amiga CD title sold. This initiative was first introduced along with the ill-fated CDTV multimedia device, though also rolled out for the CD32 console.

Anyone intending to create software for the systems had to subscribe to the Certified Developer Program, and were obliged to pay for a license. In return, they were supplied with a dev tool kit, CDXL video and sound files, access to the private developer group, and the opportunity to buy discounted hardware directly from Commodore. In the US there was an initial \$25 fee to pay, plus an annual \$75 renewal charge. In comparison to similar schemes operated by SEGA, Nintendo and Panasonic in relation to their 3DO games console, Commodore's royalty charges were extremely reasonable.

It's somewhat surprising that Commodore hadn't chosen to capitalise on this continuous 'money for old rope' revenue stream until they were in dire straits. They didn't even charge magazine publishers to use their trademarks, or create a business out of reporting on their patented creations; an oversight David Pleasance seemingly regrets to this day.

When the CD32 was released in September 1993, magazine critics would often remark on what they deemed

unwarranted price hikes levied against CD titles. The increased costs borne out by Commodore's royalty scheme could well have justified the added expense which was passed on to the consumer. Nonetheless, few people seemed to be privy to this caveat at the time.

Little else could account for the disparity as the vast majority of CD software was actually *cheaper* to produce than floppy-based titles. This is largely explained by the proclivity for publishers to shovel existing ECS or AGA titles onto a compact disc, re-releasing them to the same audience. With little to no further development costs involved in this process, there was no excuse for exploiting customers by intimating that state of the art CD technology was more expensive to adopt.

In reality, a CD would have cost a professional pressing plant less than the price of two floppy disks (about 50 pence) to produce. Therefore if a publisher crammed a multiple floppy disk game onto a single CD it would allow them to cut their operational expenditure, bolstering their profit margin.

Another factor that would have made the shift to CD technology an attractive proposition was the void in casual piracy. CD writers at the time were so prohibitively expensive that only a 'professional' pirate would have been prepared or able to take the plunge. This translated to an expectation of markedly elevated sales figures for publishers.

Regrettably, this daydream didn't materialise for a number of reasons.

The CD32 *should* have been a tough sell from the outset as - like the A600 - it was essentially old technology in a new shell. Nevertheless, the CD drive frosting and a promotional launch fronted by Big Breakfast presenter, Chris Evans, somehow was enough to make it desirable.

The games console was superfluous to A1200 owners who already had a CD drive add-on, and wouldn't have appealed to Commodore's old school alliance who had grown up appreciating the wider scope offered by a fully-fledged computer. A lesson that should really have been learned from the doomed Commodore GS.

Despite being blessed with sales figures outstripping that of SEGA's Mega CD, some key developers remained dubious and so few titles created specifically to take advantage of the CD32 hardware were introduced to the platform.



The user base, on the contrary, became accustomed to playing their old favourites - if they were lucky - with bolted on FMV intros or a CD audio soundtrack and an enhanced colour palette.

Once the honeymoon period was over, sales plateaued, impeded by an inability to meet demand due to a stifled supply of components. Plus, news that Commodore were in a

state of disarray financially spread like wildfire bringing into question the long-term stability of the platform.

Adding insult to injury, a surplus of finished stock couldn't be imported and sold in the US owing to an outstanding patent infringement claim issued against Commodore by Cad Track in relation to the unauthorised use of their XOR protocol.

Consequently, thousands of CD32 systems were left to rot in a Philippine manufacturing plant, and eventually seized by armed guards under the auspices of the government to recoup some of the money invested in the operation.

Plans to develop the next generation incarnation, the CD64, were put on hiatus until a new buyer could be found. Nevertheless, before this came to pass, some of the engineers who had been critical to Commodore's prior successes wisely leapt overboard from the sinking ship.

Escom's duplicitous \$14m bid was accepted, and as their reign commenced it rapidly became apparent that they weren't interested in investing in the future of the Amiga line, or the people who made it a force to be reckoned with. They'd secured the trademarks, mission accomplished.

A year later the shortsighted vultures went bankrupt as they attempted to expand into the PC market too quickly, triggering a fresh round of musical chairs in the Commodore boardroom.

Commodore and the Amiga - in name alone - were passed between investors like a smouldering flame-grilled potato no one quite knew how to handle, all the while any potentially progressive R&D stagnating beyond the reach of a reprisal. SEGA, Nintendo, Apple and IBM compatible PC manufacturers infused the vacuum and developers had no alternative but to defect.

Not a million miles away the dulcet tones of a plump lady could be detected. Trite, mixed metaphors clashed and for all intents and purposes Commodore were dead in the water... quite possibly found bobbing face down alongside a final, floating coffin nail.

A pitiful swan song for the 40-year-old company launched by Polish immigrant and Auschwitz survivor, Jack Tramiel, to sell typewriters... then adding machines, electronic calculators, watches, peripherals, and sometimes even computers!